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ABSTRACT

The activities of portfolio companies in South Africa are reviewed in this report from the Advisory Committee on Shareholder Responsibility of Harvard University. A brief review of recent South African political and economic events includes a discussion of the nation's leadership, long-term social and political projections, labor policies, and the newly-developed labor codes of conduct. The Sullivan code is viewed as the most influential decree concerning the rights of non-white workers and provides a framework for future change in the workplace. Data on 49 companies in the Harvard portfolio with operations in South Africa were collected from various sources and are tabulated. The companies are grouped according to their responses to requests for information ranging from nonresponsive to very responsive. Variables investigated include: training programs; minimum wage; non-white promotions; non-white supervisory positions; non-whites supervising whites; equal benefit plans; bargain with non-white unions; and geographic location. It is concluded that the data indicate a situation of extreme racial inequality in jobs and employment in most companies. Six recommendations are proposed and it is suggested that Harvard support a resolution for withdrawal directed to any company that refused to disclose the requested information. Appended are the evaluation form and a report on the allocation of education resources in South Africa. (SF)

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HARVARD UNIVERSITY

ADVISORY COMMITTEE ON SHAREHOLDER RESPONSIBILITY

REPORT ON PORTFOLIO COMPANIES WITH OPERATIONS IN SOUTH AFRICA

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This report was unanimously approved by the Committee and submitted to the President and Fellows of Harvard College on March 30, 1979

HE 011 937

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Advisory Committee on Shareholder Responsibility
Report on Portfolio Companies with Operations in South Africa

The ACSR has been working for the last two months at the task of reviewing the activities of companies in the Harvard portfolio that maintain operations in South Africa.

In the statement of the President and Fellows of Harvard College of April 27, 1978, the Corporation said:

> The University will review the progress of portfolio companies by soliciting, collecting, and evaluating information from the companies themselves, from the IRRC, and from other appropriate sources. We will request the ACSR to participate fully in this process of review. Every effort will be made to complete the review in time to vote on resolutions in the spring of 1979 in accordance with the policies of this statement.

This memorandum reports on the progress of our monitoring effort to date and includes some preliminary recommendations relating both to our assessment of corporate activities and to some procedural changes which we would like to see implemented in the future.[1]

Since we first reported on this subject in March of last year, the members of this Committee have devoted a great deal of time to expanding our knowledge of the activities of U.S. companies in South Africa. But there are also changes and events in South Africa that have a bearing on the role played by U.S. companies in that country.

There have been some minor (though notable) changes. In general, though, there is nothing to alter our perception of a year ago that, because of the government's policy of apartheid, the Republic of South Africa constitutes a case of special concern and continues to raise serious questions concerning the role played in that country by companies in which Harvard invests. While there have been no events that produced the worldwide publicity which attended the uprising in Soweto in 1976, the 1977 death in detention of Steven Biko, or the massive bannings and detentions in October, 1977; neither were there any events which indicated that the government of South Africa had altered, in any significant way, its fundamental commitment to the policy of separate development of the races. Several events which took place in the past months are worthy of mention though it is still far too early to tell if there is any reason to believe that they will produce any meaningful change in the political or social outlook for the country's majority population. Most notable, of course, was the resignation of Prime Minister B. J. Vorster and the subsequent appointment of P. W. Botha. This change in office followed closely by the so-called "information scandal" involving the Minister of Plural Relations, Cornelius Mulder, led to Mulder's resignation and the appointment in his place of Dr. Piet Koornhof, Minister of National Education and of Sport and a man who has shown some willingness in

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1. The IRRC questionnaire responses came to us in the course of the fall and early in the winter. We were able to begin the substantial task of assimilating this information in February and are pleased to be able to report prior to the proxy season of 1979.

the past to consider more progressive policies in race relations. Some have interpreted these changes in the Nationalist Party's leadership as a positive factor for significant future social change; thus far, however, changes have been insubstantial.

In the country's economy, the recession continues. Because of the poor long-term social and political projections for South Africa, the country has had trouble in securing new investments from foreign countries and particularly from the U.S. and Canada. In late 1978, this difficulty in securing new investments led the government of South Africa to "float" the rand and to create a discounted commercial rand in order to make investment in South Africa more favorable for foreign investors. As this has been a very recent move, we do not yet know whether it will lead to increased foreign investment--in particular it is too early to know whether this move will increase U.S. direct investments which have been relatively stagnant since 1974-1975. Counterbalancing the effect of this recent change in monetary policy is a substantial concern in South Africa over the oil supply situation as a result of Iran's decision not to supply further oil directly. Again, this has been a recent event and there is no way of estimating the real effects this situation will have ultimately.

In South Africa's labor relations and labor policy there are two situations of which one should be aware. The first relates to the Wiehann Commission. We report it more because of its potential than because of any real change that it has caused thus far. This Commission was established to investigate the country's labor laws as they relate to blacks and other non-white workers. The report of this Commission, which is now overdue by some months, could conceivably ease the restrictions which South Africa imposes on its black workforce in the form of job reservation, training, and restrictive labor contracts. Should this Commission recommend liberalization of these laws and if they were to be adopted, U. S. companies might have substantially more flexibility to adopt labor and employment policies more nearly like those practiced by these companies in the United States. Obviously, we cannot predict what the Wiehann Commission will recommend but we do believe that these recommendations have the potential to be important.

The second factor, which is somewhat easier to assess, is the effect on U.S. corporate labor practices of the various newly developed labor codes of conduct. The first of these codes was the Sullivan Code, so called because it was promulgated by the Reverend Leon Sullivan, a Philadelphia minister, founder of OIC,[2] and a General Motors Director. The Sullivan Code, which was announced in March, 1977, and has now been adopted by at least 110 U.S. companies, was followed by employment practice codes developed by the European Economic Community (EEC) and later by Canada. These three codes have also led to the development of a somewhat less specific code inside South Africa formulated by the Urban Foundation. Of the various codes in place, the Sullivan Code appears to have been the most influential thus far.

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2. Opportunities Industrialization Center, Inc. was formed about fifteen years ago by the Reverend Sullivan in order to provide skills training and job placement services to minority workers. OIC, which now operates training centers in many states and in eight African countries, is supported by both private and governmental sources.

It was expanded by the Reverend Sullivan in July, 1978, to include specific provisions concerning the rights of non-white workers to participate in the collective bargaining process and to provide for regular reports by companies about their labor and employment activities. A summary of these reports was published late last fall and the next summary is expected in late April or early May. Of particular note with respect to the Sullivan code has been its recognition by the Trade Union Council of South Africa (TUCSA), a multi racial association of trade unions, and a pledge by TUCSA to have its 200,000 members report of instances where the companies they work for are not in compliance with the Sullivan or other code guidelines. Again we must note that the impact of the Sullivan Code is in its early stages and its effectiveness has yet to be shown in substantial ways; even so, the results reported this far have indicated that small changes are occurring. More importantly, the codes provide a framework for future change in the workplace.

The Committee's primary responsibility is to provide a case-by-case review of portfolio companies' activities in South Africa. This review is presented in the following sections of this report. Although we have all contributed to the report, as was the case when we reported last March, the Committee has not reached a consensus position either that all U.S. companies should remain in South Africa or that they should all withdraw. We will, however, make recommendations concerning withdrawal and related matters in the context of resolutions that are coming up in the proxy season this spring.

METHOD OF REVIEW

In October, 1978, the ACSR was able to identify forty-nine companies in the Harvard portfolio with operations in South Africa. Prior to the beginning of its review process, a subcommittee was appointed to survey the range of information which could be used to provide data for the evaluation. In general, the subcommittee found that the information came primarily from three sources.

A. Harvard correspondence. Thirty-eight of the forty-nine companies had received one or both of two letters sent to them by Corporation Fellow Hugh Calkins. In a significant number of cases, the replies from these letters contained data which were of use to us. In a smaller number of cases, the replies were responsive to the concerns raised in the Harvard letters but failed to provide much concrete data. In a small number of cases we did not have a reply from the company at all. This correspondence is available to members of the Harvard community and is on file in Lamont Library.

B. IRRC questionnaire responses. In September, the Investor Responsibility Research Center in Washington, D.C., initiated its South Africa Information Service by distributing an extensive questionnaire on company activities in South Africa to approximately 100 companies and 50 banks. Of the companies to which IRRC sent its questionnaire, thirty-six of them were among the forty nine portfolio companies we identified. The quality of responses to the IRRC questionnaires was somewhat more varied than we had hoped. Nevertheless, these responses have been an important source of information to us. The answers to this questionnaire are also on file at Lamont Library.

C. Sullivan Summary Form. In some cases, either in response to the Harvard request for information or in lieu of filling out the IRRC questionnaire, companies furnished in whole or in part copies of their Sullivan Summary Reports. When they were available, these forms were quite helpful, particularly in assessing information about employment policies and practices.

After reviewing these sources of information the subcommittee studied in detail the information furnished by three companies in order to develop a summary form to use as a basis for evaluating the responses from all forty-nine companies. The form is shown as Appendix I of this report. While the choice of variables we used in this form was not entirely arbitrary, neither is the list a complete one in terms of what we wished had been available. The summary form we used is based on questions that we believed could be answered for a majority of the companies from which we had information. Clearly, a review of this type would be much more thorough if better data were available. In particular, we are somewhat troubled by our inability to assess trends in the data. The majority of firms furnished their most complete data only for the most recent year. We do not believe that historical data would show that companies have made significant strides forward in the training and advancement of non-white

South Africans in the past. It is our hope, however, that future reports will show significant and accelerating improvement. The 1978 data will be used as a base line and reference point for measuring the direction and magnitude of future change.

Once the Committee had developed and approved its general summary format, the list of portfolio companies was divided into 11 groups of four or five each and the members of the Committee proceeded to review the companies which they had been assigned. The members of the Committee met during this review to discuss their views on this evaluation process and, to some extent, to standardize the measures they were using. The results of this review are reported in Table I.

Results

Based on our analysis of the responses in Table I, the Committee has divided the companies into four groups for the purposes of discussion and recommendation.

(A) No requests for information

There was inadequate information for any sort of review for seven of the forty-nine companies in the portfolio. For this group, information was unavailable because it had not been asked for either by Harvard or the IRRC. These companies are listed in Table II.

It is our understanding that the IRRC sent its questionnaire to 100 or so of the 350 U.S. companies that maintain an interest of some sort in South Africa and that the IRRC generally sent its questionnaires to companies with a significant operation in South Africa. Therefore, it is our tentative assumption that these seven companies either are small or insignificant in the South African economy.

Harvard did not write to these seven companies either because the companies were not in the portfolio in November, 1977, or May, 1978, when the vast majority of the Harvard letters were sent or because the fact that these companies maintain an operation in South Africa has only recently come to our attention.

We recommend that the Harvard Corporation correspond immediately with these companies in order to secure the data necessary to begin a review of these operations. This request for information should be coordinated with the IRRC in order to avoid duplication of effort. In addition, we recommend that the IRRC questionnaire or the Sullivan summary report form be used as a base of information in order to make the data comparable to that from other companies. We note that for at least one firm, A.C. Nielsen, this should be relatively easy since they have signed the Sullivan Principles and should have a summary report form available already.

(B) Non-Responsive Companies

This group of twelve companies (Table III) has been asked by either Harvard or the IRRC or both to provide information about their operations in South Africa and, for varying reasons, has elected either not to respond or to respond by providing little or no data.

In examining further the responses of these companies we note the following:

1. Several companies (American Home Products; Coca-Cola; Dun and Bradstreet) were asked for information last September by IRRC and decided not to respond to the IRRC request but indicated their willingness to communicate with shareholders directly;

2. Some firms (Merck and Co.; Smithkline; Pepsico) have provided only a small amount of information to the IRRC which we judged to be inadequate to allow us to review the operations with any degree of confidence.

3. One firm (Warner-Lambert) indicated its intentions to publish further specific information on its South African operations in an upcoming Annual or Quarterly Report.

4. For the remaining companies, there is too little information to allow us to judge the nature of their South African operations.

Our recommendation for this group is that Harvard request that these companies furnish us with the data that are required to make a fair and reasonable evaluation. Some members of the Committee believe that a number of the companies in this group may be reluctant to furnish information because of their uncertainty about how the data will be used. Accordingly, we believe that this report should be sent to them as an example of the evaluation effort we expect to make with respect to their operations. We would also be pleased to answer any questions a company might have. To summarize, we recommend that the companies in this group be asked immediately by the Harvard Corporation, in a forcefully worded request, to furnish the information outlined in the IRRC questionnaire. In requesting this information, we think it might be useful for the Corporation to point out that a majority of the portfolio companies that were asked for information have answered substantial portions of the questionnaire and that we believe that it is appropriate for shareholders or their responsible representatives (in this case the IRRC) to ask companies about those aspects of their operations in South Africa that are relevant to the issue of equality.

(C) Responsive Companies

The thirty companies in the portfolio that had furnished some information on their activities were further subdivided into two groups based on the extent of their ownership of the subsidiary operations. We deal first with the minority interests.

(C.1) Responsive Companies With a Minority or Non-Controlling Interest

The six companies in this group all hold a 50 percent or smaller share of the South African subsidiary. We examined this group separately because of

our belief that in some respects, at least, the U.S. companies with minority ownership positions in South African companies are in a position similar to that of minority shareholders in U.S. companies. Since we have argued for the position that shareholders can and should urge companies in which they invest to adopt nondiscriminatory policies and practices in their operations, so also do we believe that minority owners of South African operations should urge the managements of those operations to adopt similarly nondiscriminatory practices.

The six companies are listed in Table IV in order of the extent of their ownership. Two of the companies (Phillips and ITT) have provided substantial information about their operations. In examining these companies, several observations can be made:

a. The Phillips operations, because it is jointly owned with the Industrial Development Corporation of South Africa, presents many of us with a special problem. Based on our information, the wage scale for black workers is low even when compared to the wage structure for blacks in other companies. Further, the lack of equal benefit plans and the apparent absence of any blacks in supervisory positions is a matter of grave concern. This company has received a withdrawal resolution this year with which the Committee will deal in the near future.

b. ITT operations in South Africa are more difficult to generalize about because they have interests at varying levels in several subsidiaries. The data presented in Table I represents our attempt to aggregate the information obtained from ITT's several operations and is incomplete in some respects. It is our impression that there is a fair degree of variability in these operations, with training programs present in some locations but not others, different minimum wage standards and benefit plan availabilities, etc. It also seems to be true that the extent of ITT's operations in South Africa has been declining in recent years.

The remaining four companies in this category (Owens-Corning, CBS, Clark Equipment, and Owens-Illinois) have not furnished us with much information in part, they have told us, because their operations there are very small and/or because of their minority ownership position. Of these, CBS, which holds a 50 percent interest in a record company employing 100 people, believes its policies are responsible but did not enclose data. Owens-Corning and Owens-Illinois appear to be more involved in technical licensing arrangements than in the management of the companies in which they hold a 25 percent and 20 percent interest respectively. The operation of Clark Equipment appears to be a distribution operation rather than a manufacturing facility and of modest size.

Because of the diversity of these operations and the complicating factor that the companies do not necessarily have direct control over the manner in which their South African operations are managed, we find it difficult to make the same recommendations with respect to all six companies. We do

recommend that the four companies which have furnished only small amounts of information on their operations be requested to furnish further data similar to that requested by the Sullivan or the IRRC questionnaires. Similarly, we recommend that the Harvard Corporation communicate to ITT a request that they use their position as a full or partial owner of their subsidiaries to adopt uniform and improved practices with respect, in particular, to training, promotion, supervisory positions, wages, and benefit plans. In addition we believe additional data of the type already provided by ITT should be requested in order to permit an assessment of the direction and magnitude of change in these variables in the future.

(C.2) Responsive Companies with Majority or Wholly Owned Subsidiary

The twenty-four majority or wholly owned companies which comprise this group of portfolio companies furnished enough information so that the ACSR is able to draw some preliminary conclusions about the nature of those operations in South Africa. We must emphasize that these conclusions are tentative both because we have been working with limited information in many cases and because our knowledge about these companies is often based on data provided for one year only making it impossible for us to assess the magnitude and direction of change over time. Rather than attempt to describe the operations of individual companies in this section (see Table I for a summary by company) it seems more useful for us to report some general observations.

(C.2.1) Data on Employment Practice and Policies

The extent to which companies have provided information varies considerably. Some companies (e.g. Caterpillar Tractor, General Electric, 3M, IBM, Royal Dutch Shell) have provided us with a great deal of information on most variables and in sufficient detail to give us some confidence that we have a reasonable sense of the practices of those companies. Others, however, (e.g. American Can Co., Eli Lilly, United Technologies, TRW), have provided only limited data on some of the variables. We are concerned about the variation in the completeness of these responses. Our future efforts should include an attempt to build up our data both by communication with the companies directly and by using reliable secondary sources (Sullivan or IRRC reports). Since there is no variable in our summary that all companies have refused to answer, we are confident that we have chosen variables that are useful to us and, at the same time, do not represent categories of information that all companies might describe as proprietary.

Of the 24 companies in this group, only one had not become a signatory of the Sullivan Code (Parker Hanifin,). While there is no guarantee that the Sullivan effort will ultimately have a determining impact, it is an important set of agreements. The companies that have signed the Code have recognized that their operations in South Africa represent a matter of special concern because of the social and political conditions in that country.

Contrary to South African custom, fourteen firms in this group indicated that they had non-whites in supervisory positions (e.g. Kimberly Clark, 3-M, Motorola, Hewlett Packard, Xerox, Royal Dutch Shell, etc.) As we had been led to believe by some that this was an illegal practice under South African law, we were somewhat surprised to find this result.

Almost all of the companies reported that they had provisions for benefit programs that were equal for all races. Several companies reported that they had supplementary programs available for blacks for education of children, home construction, and improvement.

Virtually all companies reported that they had available or had recently instituted training programs for blacks. There was, however, a great deal of variation in the types of programs offered ranging from little more than literacy training to relatively advanced, skill-upgrading programs.

A substantial majority of companies indicated that they were willing to bargain with non-white unions. The Committee found this to be an encouraging result but recognizes that South African law often limits severely the abilities of non-white workers to form an effective union and that, even when formed, such unions lack the legal protection and recognition granted to white trade unions.

One of the more complicated areas to analyze has been earnings and wages. All of the companies from whom such information was available indicated that they subscribed to some standard for determining a minimum wage standard. In most cases this standard was the Household Effective Level (HEL) or a reasonable equivalent.[3]. Many companies in this group have a policy of equal pay for equal work; yet when examined, these companies typically report that, on the average, the earnings of their black workers are about one third to one half of those paid to white workers with the earnings of Asians and coloured workers falling somewhere in between. When we looked closely at the earnings of employees by race in each job category, we found that within categories there was generally a fairly equitable wage structure. The large gross average differential was almost entirely the result of having non-white workers clustered in the lower job categories while white workers typically were clustered in the higher job categories. These tremendous differentials in average earnings are attributable in part to the policies of the companies in not having been as aggressive in the past as they should have been in training and promoting non-white workers.

A major part of the continuing problem, however, is also inherent in the system of education in South Africa; only non-compulsory and inferior education is provided to blacks. A paper prepared by a South African educator (see Appendix II) provides evidence of a serious shortage of educational resources for the education of non-whites. Based on these data and the comments of companies, equal pay policies will only produce a reduction in the wage differential between blacks and whites when accompanied by aggressive and comprehensive training programs designed to provide both basic education and skills training to those employees who are otherwise systematically excluded from decent educational programs. A company that recognizes this need and, by itself or in

3. This figure is calculated annually for eighteen geographical regions by the Institute for Planning Research at the University of Port Elizabeth and is set at 50% above the subsistence level for a hypothetical black family of six.

conjunction with other companies, provides a comprehensive program of education for its employees is responding to one of the special problems faced by black South Africa. A company that does not move vigorously in the training area is missing what is perhaps its major opportunity to assist its black employees in their struggle to gain a significant role in the economic life of the country. Because of the importance of education, training, and the development of management skills, we recommend that the Harvard Corporation communicate this concern to our portfolio companies.

When we reported to the Harvard Corporation last March with respect to the South African operations of U.S. companies in which Harvard invests, we concluded that U.S. companies have a special obligation to be progressive influences, in South Africa. We further concluded that the burden for demonstrating that the net contribution of the company in South Africa is positive was the responsibility of the company and was to be measured primarily in terms of social progress.

While most of these companies have committed themselves to the Sullivan principles and while the data show evidence of recent and beginning efforts to train and promote black South Africans, the predominant fact revealed by the data is that black South Africans are generally not in higher level jobs. Their earnings are a reflection of this fact. This legacy of past discrimination is both obvious in the data and disappointing. These data do not (and probably could not) provide strong evidence of a record of significant accomplishment in the area of employment practices given the recentness of the U.S. companies' commitments to change. It is our hope that in future years, the IRRC data and those collected by the Reverend Sullivan will show evidence of satisfactory progress and significant movement in solving the longer run problem of moving non-whites into managerial and supervisory positions. In the meantime, in the areas of equal treatment with respect to wages within job classes and benefits, where progress in the short run appears to be easier, the data do indicate progress.

(C.2.2) Other Data

By and large, we have been disappointed in the responses of companies to the requests for information about sales, product line, and customers. Some firms have reported in some detail (e.g. Xerox, Caterpillar, Motorola) but the majority of companies have either not reported this data or have reported it in such a general way that it has not been useful. We do not believe that the information we seek in this area is sufficiently detailed to be competitively damaging if disclosed. We do believe that this information is necessary in order to answer the questions about the amount of expansion or contraction and the level of involvement with the government. We recommend, therefore, that the Harvard Corporation, in conjunction with the IRRC, again attempt to obtain these data.

THE AVAILABILITY OF AND COLLECTION OF INFORMATION

We have become increasingly aware that the collection of information necessary to discharge the responsibility we recognized above requires an effort that is beyond the ability of the ACSR, as an essentially volunteer committee, to perform adequately on an annual basis. We recognize also that in the absence of a well developed information gathering and analyzing organization elsewhere, it was and is necessary for Harvard to engage in the effort that it has. However, the Committee believes that a coordinated and well-staffed effort to collect, validate, and analyze data is preferable in the long run to the system which now exists. We view the IRRC data collection effort as a proper step in this direction in fulfilling the requirement that information be collected in a systematic way, but the information has to be validated and analyzed annually. It is too soon to be able to know if the IRRC has the capability to validate and analyze information in a thorough enough manner for use by institutions concerned with evaluating company operations in South Africa.

We also believe that the IRRC questionnaire should be revised in the light of the experience that the companies, the IRRC, and the users have had with it. The questionnaire itself could usefully be revised in the light of the experience that the companies, the IRRC, and the users have had with it. We will make some concrete suggestions for such changes to the IRRC at the end of the year. Similarly, the Sullivan effort is a step in the right direction in that companies that have endorsed the Sullivan Principles have also agreed to a periodic and thorough disclosure of company activity in order to demonstrate progress in attaining compliance with the Sullivan code. However, our need for information in areas other than employment practices leads to the conclusion that even if the Sullivan reports by companies are made publicly available, they will not be sufficient.

Concluding Remarks

This report has identified a number of areas in which further information should be sought in the near future and they are the subject of the recommendations below. The data from this year's effort depict a situation of extreme inequality in jobs and employment in most companies. However, there are limited signs of change. While we have not yet considered specific proxy resolutions, many of us on the Committee would find it difficult not to recommend that Harvard support a resolution for withdrawal directed to a company that has not disclosed the desired information to us.

The data, in some sense, speaks for themselves. We hope that having them available in this form will clarify further the discussion of the South African problem at Harvard. It is our view that these data show the legacy of the discrimination practiced in South Africa in the past. We hope that future data will begin to show evidence of measurable and positive change.

We have some specific recommendations with respect to data:

(A). Companies that have not received requests for information should be contacted and asked to provide the data in the IRRC questionnaire or to forward copies of their responses to the Sullivan questionnaires.

(B). The companies that have declined to supply the data should be asked in a forcefully worded request from us for the data.

(C). The responsive companies should be asked for a general description of products and customers as well as some statement concerning expansion in the near future.

(D). We think that Harvard could usefully work with the IRRC and the Sullivan group to routinize and centralize the collection and analysis of company data in the future.

(E). The current report could be sent to portfolio companies in order to let them know how we have been using the information they have supplied. They may also wish to draw our attention to errors that we may have made inadvertently. The report will also serve to indicate to non-responsive companies that a majority of companies that were asked for the information supplied it, or at least much of it.

(F). Finally, with the qualification that Harvard's policy with respect to U. S. companies operating in South Africa is subject to change in the future, we recommend that the present effort be continued in order to assure ourselves that the modest beginnings we have observed are expanded and, by this monitoring effort, to convey to others the importance we attach to the achievement of satisfactory progress toward full equality of participation by black South Africans in U. S. owned companies in that country.

TABLE I(A) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Harvard correspondence	IRRC Questionnaire	Sullivan Code	Sullivan report Avail.	Training Prog.	Min. Wage	Non-White Promotions	Non-White Supervisory positions	Non-White Supervise whites	Equal Benefit Plans	Bargain w/non-white Unions	Location Homeland Border
Broadcasting												
CBS	yes	not sent	no									
Business Services												
Dun & Bradstreet	no	returned	no									
A. C. Nielsen	no	not sent	yes									
Construction Materials												
Owens-Corning	yes	returned(?)	no	no								
Construction & Mining Equipment												
Smcyrus Erie	yes**	not sent	no									
Caterpillar Tractor	yes	returned	yes	yes	yes	yes	yes	yes		yes	yes	no
Consumer-Cosmetics												
International Flavor & Fragrance	no	not sent	no									
Revlon	yes	not returned	yes	no	yes		yes	yes		yes		no
Consumer - Food & Related												
Coca-Cola	yes	returned	no	no	yes		yes	yes				

**No reply to November, 1977, correspondence - no follow-up correspondence by Harvard.

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Company	Harvard correspondence	IRRC Questionnaire	Sullivan Code	Sullivan report Avail.	Training Prog.	Min. Wage	Non-white promotions	Non-White Supervisory Positions	Non-White Supervise whites	Equal Benefit Plans	Bargain w/ n White Unions	Location Homeland Border
Consumer - Food & Related (Cont)												
CPC International	yes	returned	yes	yes	yes	yes	yes	yes		yes	yes	no
Kellogg Co.	no	not returned	yes									
Nestle	yes	returned	yes	no	yes		yes	yes				
Standard Brands	yes	returned	yes	no								
Consumer - Health Care												
Abbott Laboratories	no	returned	yes	yes	yes	yes	yes	yes		yes (except medical)		no
American Home Products	yes	not completed	yes									
Bristol Myers	yes	not returned	yes	no	yes	yes	no	yes	no	no	yes	not sure
Johnson & Johnson	yes	returned	yes	yes	yes	yes	yes	yes	yes (Asians)	yes	liaison comm.	yes
Eli Lilly	yes	returned	yes	no	yes			yes		yes	yes	

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Company	Harvard correspondence	IRRC Questionnaire	Sullivan Code	Sullivan report Avail.	Training Prog.	Min. Wage	Non-white promotions	Non-White Supervisory Positions	Non-White Supervise whites	Equal Benefit Plans	Bargain w/non-White Unions	Location Homeland Border
Consumer-Health Care(Cont)												
Bristol & Co.	yes	returned incomplete	yes	yes	yes		yes	yes		yes		
Smithkline Corp	yes	returned	yes	not yet						yes		
Squibb Corp.	no	not returned	yes									
Sterling Drug	no	returned	yes	no	yes	yes	yes	yes	yes	yes	not sure	
Warner Lambert	yes	returned	yes		yes		yes	yes		yes		
Electrical Equipment												
General Electric	yes	returned	yes	yes	yes			no	no	yes	yes	yes
ITT	yes	returned	yes	yes	yes							
RCA	yes	returned	yes	yes	yes	yes		yes	yes	yes		
Motorola	no	not returned	yes	no	yes	yes	not clear	yes	yes			

TABLE I(A) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Harvard correspondence	IRRC Questionnaire	Sullivan Code	Sullivan report Avail.	Training Prog.	Min. Wage	Non-white Promotions	Non-White Supervisory positions	Non-White Supervise whites	Equal Benefit Plans	Bargain w/non-white Unions	Homeland Border
Instruments												
Hewlett Packard	yes	returned	yes	yes	yes	yes	not sure	yes(Asian)	yes	yes	no unions	
Machinery - Farm												
Deere & Co.	yes	returned	yes	yes	yes	yes	yes	yes	no	yes	yes	no
Machinery- Industrial												
Clark Equipment	no	returned	yes		no							
Parker Hannifin	yes**	not sent	no									
Tiffen Co.	yes**	not sent	no									
United Technologies	yes	returned	yes	no								
Manufacturing-Aircraft												
Boeing Co.	yes	not sent	no									
Manufacturing-Chemicals												
Allied Chemicals	no	not sent	no									
Manufacturing-Containers												
American Can Co.	yes	not sent	yes									

**No reply to November, 1977, correpondence - no follow-up correspondence by Harvard.

TABLE I(A) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Harvard correspondence	IRRC Questionnare	Sullivan Code	Sullivan report Avail.	Training Prog.	Min. Wage	Non-White Promotions	Non-White Supervisory positions	Non-white supervise whites	Equal Benefit Plans	Bargain w/non-white Unions	Location Homeland Border
Manufacturing-Containers(Cont.)												
Crown Cork & Seal	no	not returned	yes									
Owens-Illinois	no	returned	no									
Manufacturing-Paper Goods												
Kimberly Clark	yes	returned	yes(?)	no	no	yes	yes	yes	yes	yes	yes	
Motor Vehicle Equipment												
TRW	yes	not sent	no	no	no						yes	
Office Machines												
Burroughs	yes	not sent	yes	?	yes	yes			no	yes		no
IBM	yes	returned	yes	?	yes	yes	yes			yes	no unions	no
Xerox	yes	returned	yes	no	yes	yes	yes(some)	yes	yes	yes	yes	no(?)
Petroleum												
Exxon Corp.	yes	returned	yes	yes	yes	yes	yes	no	no	yes (except health)	liason committees	not sure
Mobil	yes	returned	yes	no	yes	yes	yes	yes	not sure	yes		

TABLE I(A) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Harvard correspondence	IRRC Questionnaire	Sullivan Code	Sullivan report Avail.	Training Prog.	Min. Wage	Non-white promotions	Non-White Supervisory Positions	Non white supervise whites	Equal Benefit Plans	Bargain w/non-White Unions	Location Homeland Border
Petroleum												
Phillip's	yes	returned	yes	yes	yes	yes	no	no	no	no	no	not sure
Shell	yes	not sent	yes	yes	yes	yes	yes	yes	yes	yes	yes	
Standard Oil of California	yes	returned	yes	no	yes	yes	yes	ywa		yes	yes	
Photographic Equipment												
Eastman Kodak	yes	returned	yes	no	yes	yes	no	yes	no	yes	liaison committee	not sure

TABLE I(B) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Total Employees	Non-white employees	White wage level	Non-white wage Differential	Direct investment	% of Total Assets	Sales	Product	Comments
Broadcasting									
CBS	100								Company believes its policies are progressive; Owns 50% of Gramaphone records; Agency arrangement with MacMillan SA.
Business Services									
Dun & Bradstreet									Will respond to shareholder requests.
A.C. Nielsen									No information available.
Construction Materials									
Owens-Corning Fiberglass								fiberglass	25% ownership of affiliate Supplies technology, no management role.
Construction & Mining Equipment									
Bucyrus Erie									No information.
Caterpillar	105	62 (increasing)		about 33% of white wages	12.2M	0.5%	119M (2.4% of total)	parts for tractors	Very full report. No direct sales to the government.
Consumer-Cosmetics									
International Flavor & Fragrance									No information.
Revlon	350	100				1%	1.0% of total	cosmetics	Will respond to shareholder requests for information.
Consumer-Food & Related									
Coca-Cola		3200						soft drinks	responsive letter to issues but incomplete data. Will respond to further requests from shareholders

TABLE I(B) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Total Employees	Non-white Employees	White Wage Level	Non-white age level or Differential	Direct investment	% of Total Assets	Sales	Product	Comments
Consumer-Food & Related									
CPC International	694	530		R204 Colored R247 Asian R192 Black	<14.6M	<1.0%	25M <1.0%	food insecticides	
Kellogg									No information available.
Pepsico	300	>150				0.1%		beverages	Incomplete Data.
Standard Brands					2M				Incomplete Data
Consumer-Health Care									
Abbott Laboratories	125	52		about 33% of white wage				drugs	
American Home Products								pharmaceuticals	Will not respond to IRRC; Will respond to Sullivan: Will respond to shareholder requests.
Bristol Myers	321	170	R917.5	R446.5 Asian R205.3 Colored R332.5 Black			0.5% of total	nutritional & toiletries	Investment data considered proprietary;Does not employ migrant workers.
Johnson & Johnson	1223	562		about 50% of white wage	3M		<1.0%		
Eli Lilly	220				2M		0.2% of total	drugs	Will respond to shareholder requests.

TABLE I(B) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Total Employees	Non-white Employees	White wage level	Non-white wage level or differential	Direct investment	% of total assets	Sales	Product	Comments
Consumer-Health Care (Cont)									
Merch & Co.	340	90						drugs	Incomplete data
Smithkline Corp.									Letter responsive to issues but data incomplete
Squibb Corp.									No information
Sterling Drug	550	360						drugs	Incomplete data
Warner Lambert	394	230			19.3M	<1.0%	23.5M <1.0% of total	drugs	Will provide report on South Africa in an upcoming Annual in Quarterly Report
Electrical Equipment									
General Electric	615	351	R692	R555 Asian R376 Colored R221 Black	60.2M (1977)	<0.5%	18.5% <1.0% of total	magnetic wire locomotive parts silicone products	Moderately complete data Significant decline in activity since 1976.
ITT	2600	1600	R623	R314 Asian R290 Colored R238 Black				cables, telephone equipment	
3M	1201	621		40% of white wage	8M	16M <1.0%	38M 1.0%	adhesives chemicals	Moderately complete report
Motorola	227	112			4.3M	0.3%	0.6% of total	two-way radios portable radios auto electrical	

TABLE I (B) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Total Employees	Non-white Employees	White wage level	Non-white wage level or differential	Direct investment	% of total assets	Sales	Product	Comments
Instruments									
Hewlett Packard	83	13	R371	R303	9.3M	<1.0%	10.4M	computers test instruments	25%-40% of sales are to government; Employment progress slow due to education requirements.
Machinery-Farm									
Deere & Co.	424	226		about 50% of white wages	30M	1%	50M, 1.6% of total	farm equipment	
Machinery-Industrial									
Clark Equipment					2.1M	<0.5%	<0.5%	fork lift-trucks	owns 17% of Premier Metal Co
Parker Hannifin									Incomplete Data
Timken Co.									Incomplete Data
United Technologies	1200	481			12M	0.5%	27.9M 0.5% of total	elevators	Otis Elevators . Will respond to shareholder requests.
Manufacturing-Aircraft									
Boeing Co.								aircraft parts supply	No information available. No subsidiary in South Africa.
Manufacturing-Chemicals									
Allied Chemical									No information available
Manufacturing-Containers									
American Can Co.	42	17					.7M	sewing patterns	Incomplete Data

TABLE I (B) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Total Employees	Non-White Employees	White Wage Level	Non-white age level or Differential	Direct investment	% of Total Assets	Sales	Product	Comments
Manufacturing-Containers (Cont)									
Crown Cork & Seal									No information Available
Owens-Illinois									Owns 20% of Consolidated Glass Works
Manufacturing-Paper Goods									
Kimberly Clark	1512	1074	+10% in '78	+18.5% in '78	6M	1%		paper tissue	Moderately Complete Report
Motor Vehicle Equipment									
IRW	58				2M			gears	Incomplete data
Office Machines									
Burroughs	527	68		R312	9M	0.5%	20M-30M (1.0%-1.6% of total)	computers	
IBM	1444	242			< 88.6M	< 1.0%	16.3M < 1.0%	computers	Incomplete wage data
Xerox	811	208				0.5%	< 22M < 0.5M	copiers	15% sales to governmnet; Company responsive to issues
Petroleum									
Exxon	544	195	R802	R441				refined oil products	Responsive; Need more financial data.
Mobil	3036	1414			426M	1.8%	< 500M (2.0% of total)	refined oil products	

TABLE I (B) - SUMMARY OF DATA ON SOUTH AFRICAN OPERATIONS

Company	Total Employees	Non-white Employees	White Wage Level	Non-white age level or Differential	Direct investment	% of Total Assets	Sales	Product	Comments
Petroleum (Cont)									
Phillips	146	80	R1,058 salary R547 hourly	R203 Black R545 Asian(H) R705 Asian (S)				carbon black	50% ownership with the Industrial Development Corporation
Shell								refined oil products	Extensive report but incomplete data
Standard Oil of California	2066	859			200M	6.2%	500M (10.9% of total)	refined oil products	
Photographic Equipment									
Eastman Kodak	467	244			27.2M	<0.5%		film & photo products	

TABLE II

COMPANIES WHICH DID NOT RECEIVE REQUESTS
FOR INFORMATION ABOUT SOUTH AFRICAN OPERATIONS

Allied Chemical
Boeing
Bucyrus Erie
International Flavors & Fragrances
A. C. Nielsen & Company
Timken
TRW

TABLE III

COMPANIES THAT HAVE NOT PROVIDED SUFFICIENT INFORMATION
TO EVALUATE THEIR SOUTH AFRICAN OPERATIONS

American Home Products	- Indicated that they would not respond to the IRRC; had not yet responded to the Sullivan group; would respond to requests from individual shareholders
Coca-Cola	- Indicated that they would respond to requests from individual shareholders
Crown Cork & Seal	- No response to IRRC
Dun & Bradstreet	- Indicated that they would respond to requests from individual shareholders; incomplete response to IRRC
Kellogg	- No response to IRRC
Merck & Co.	- Incomplete response to IRRC
Pepsico	- Incomplete response to IRRC
Revlon	- No response to IRRC
SmithKline	- Incomplete response to IRRC
Squibb	- No response to IRRC
Standard Brands	- Incomplete response to IRRC
Warner-Lambert	- Incomplete response to IRRC; indicated they would report on South African operations in Annual Report

TABLE IV

COMPANIES WITH A MINORITY OR NON-CONTROLLING INTEREST
IN THEIR SOUTH AFRICAN SUBSIDIARIES

Phillips Petroleum	-	50% interest in a carbon black manufacturing facility with the South African government's Industrial Development Corporation
CBS	-	Agency arrangement with MacMillan S.A.; 50% interest in Gramaphone Record Company
ITT	-	Varying interests in several bubsiciaries
Owens-Corning	-	25% interest in South African Affiliate
Owens-Illinois	-	20% interest in Consolidated Glass Works
Clark Equipment Co.	-	17% interest in Premium Metal Company

Name of Company _____

Subsidiary of _____

Year started in South Africa _____

Product or type of Service _____

_____

# of employees

	1972	1976	1978
White			
Black			
Coloured			
Asian			
Total			

Average Pay

	1972	1976	1978
White			
Black			
Coloured			
Asian			
Total			

Labor Practices Checklist

1. Has the company signed the Sullivan Code? _____Yes _____No

1.a If so, is the summary report available _____Yes _____No

2. Does the company have a formal training program available for non-whites _____Yes _____No

3. Is the company's minimum wage above an acceptable minimum guideline? (which guideline to use?) _____Yes _____No

4. Does a survey of job classification data show a significantly better distribution by race of staff now than in 1976? _____Yes _____No

5. Have any (significant #) of non-whites moved into supervisory positions since 1976? _____Yes _____No

6. Do non-whites supervise whites in any areas _____Yes _____No

7. Are company benefit plans for whites and non-whites equivalent? _____Yes _____No

8. Does the company indicate a willingness to bargain with non white unions if it bargains with white unions? _____Yes _____No

9. Is the company located along a homeland border or within a homeland area? _____Yes _____No

Capital

1. Value of direct investment in South Africa _____

2. Percent of worldwide investment _____

3. Annual Sales 1972 _____ 1976_____ 1978_____

   % worldwide 1972 _____ 1976_____ 1978_____

4. Has the company undergone any significant expansion since 1975

   _____ Yes _____No

5. Does the company have any plans to expand in the near future

   _____ Yes _____No

M.A.S. Corke, Headmaster, St Barnabas College, Johannesburg

There is no single South African education system. The policy of separation and political devolution has ensured that each one of the "population groups" has acquired an educational system of its own. Areas of contact between the systems are to be found in common core syllabus requirements at matriculation level, the phases of primary, secondary and tertiary education, and the ubiquitous presence of White officials controlling all four systems. Apart from some tentative moves towards integration in the private schools and the limited admission of Black students to the "White" universities, there is little meaningful contact between the races in educational institutions, so that whole generations of South Africans are growing up having had little inter-racial contact.

Table I (1) illustrates the major disparities between the various systems. While these differences remain, the systems will continue to diverge, generations of young and middle-aged people will remain alienated from one another, and the eventual process of educational integration will only be accomplished with great suffering on the part of both the Black and White communities. It is therefore in the interests of all South Africans that existing contacts be widened, and that unjust anomalies in the educational provision for different races be eliminated.

The African community comprises over 70 per cent of the South African population. But this is an increasing proportion: in 1936 they made up 68,5 per cent of the population, and by 2000 they will make up between 74 and 77 per cent, depending on the rate of White migration. This rate of growth is, in part, a result of the poor education and lack of opportunity afforded most African people: had they become economically more prosperous, it is quite likely that their birth rate would have been more in line with that of the White community, and with that prevailing in other industrial countries.

At the same time, the proportion of White people is decreasing from 21 per cent in 1936, to 17 per cent in 1975, to a projected 12 to 14 per cent in 2000, depending again on the rate of migration. It is this group of people who have determined the categorising of the South African population, and who have been responsible for the allocation of financial and human resources to the different educational systems. There is little that they can do in the long term to forstall change; but they are the people whose short-term decisions will largely

determine the way in which change is to come about. It is within the context of education that they need to be persuaded to adopt a generous attitude to one group, particularly with regard to the allocation of resources on an equitable basis.

Table II (1) sets out details of the expenditure on education within the different systems. The ratio of expenditure on the education of individual White, Indian, Coloured and African children is 100 : 31 : 21 : 6. This inequality is a commentary on the country's social, economic and educational problems: it speaks of the way in which the White voters have regarded the children of the disenfranchised majority; it has ensured that countless Black people have been retarded in their intellectual and vocational development, thus being lost to responsible positions in the South African community; it has entrenched White people in managerial and technical positions in commerce, industry and the professions, and it has retarded the development of the Black teaching force.

Table II also shows the annual amounts which ought to be spent if expenditure within the different systems were to be on a par with that of the White system. In order to attain parity in per capita expenditure on education, it would be necessary to increase expenditure, at 1975-6 rates, from R960m per annum to approximately R4 000m per annum. This calculation is based upon enrolment figures for the different systems, and does not take into account a significant proportion of African children of school-going age who do not attend school. Taking them into account, the total cost would be of the order of R4 700m. These calculations are, however, quite hypothetical: they assume the availability of fully-qualified teachers to fill teaching posts in all systems at the generous staffing rate of 1 : 20; they assume the presence of more than 5 per cent of all pupils in Std 10 (12th school year); and they assume the availability of sufficient accommodation to make these activities possible. Given a five-fold increase in revenue for education, it would not be possible to spend the money within the framework of the existing arrangements.

The priority appears to be teacher development. Whether the existing systems are maintained or whether social and political change brings about an integration of the systems, progress will not be made without adequate numbers of teachers who are able to work confidently and effectively. Given a teacher-pupil ratio of (say) 1 : 30 for the entire country, and assuming that all children of school-going age attend school, the need is for 220 000 teachers to serve 6,6m pupils. All these would need to be matriculated and to have had some further professional or academic training. At least 55 000 would require university degrees either in education or in teaching subjects, if a quarter of the teaching force were to be effective teachers of specialist subjects.

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Table III (1) illustrates the quantitative needs of South Africa for properly educated teachers. To meet the requirements outlined above, the South African teaching force is short of 87 600 teachers, and there is a concomitant shortfall of 155 000 matriculated teachers and 37 800 graduates. These shortages could be relieved in part by recognising that the White system is over-supplied with matriculants and graduates and that 13 000 White teachers, including some 6 000 graduates, could well be allocated to the other systems. The concurrent priority should be to use such reallocated teachers to assist in an intensive programme of upgrading the qualifications particularly of African teachers, in whose systems there is a shortfall of 113 000 matriculants over and above the shortage of nearly 40 000 graduates.

How are matriculants to be produced in vastly-increased numbers? And how are such matriculants to be retained in the teaching profession in the face of increasing competition from the private sector for manpower with the propensity for higher education? The first question is one of how to break into the vicious circle of poor schools, economic deprivation, the drop-out from schools and the resulting accentuation of economic deprivation as a consequence of the minimal educational success of young people in the community. The second question requires a weighing of the respective merits of a planned central economy in which individuals are directed to meet the requirements of the state, against a free market economy where all are free to pursue the incentives of profit and where the state competes with the private sector for the available supplies of skilled manpower.

Table I shows that the White system is nineteen times more successful than the African system in retaining pupils at school until Std 10. The supply of Std 10 pupils is, in turn, dependent upon adequate numbers being retained in the secondary phase of education. Table IV shows the percentage of each of the four population groups who are at present in secondary schools. For comparative purposes an integrated percentage (3,83 per cent) is given for the entire country, and comparable figures are given for a number of Western, Communist and third world countries. (2) These figures make it clear that South Africa's White and Indian systems approximate to those of major industrial countries in their provision of secondary and higher education. The Coloured and African systems lag well behind those of the industrial countries, but are significantly ahead of those of the third world. In the South African context, the figures show the very great disparity in the development of groups in which advantage or disadvantage is entrenched by virtue of the economic and other opportunities open to the people making up the groups. In a broader context, they give some comfort to the apologists for separate development, in that they show the African and Coloured groups to be at least better off than their third world counterparts. The figures for South Africa as a whole tend to accord with those of Iran, a country which is also struggling to bring about the development of large sectors of its population.

In breaking the vicious circle of poverty, a prerequisite is the redistribution of human and other resources between the different systems, as outlined previously. It seems, also, that in the short and medium terms, secondary education will have to become highly selective and that the available supply of graduates will have to be deployed among those pupils who are most likely to profit through exposure to their skills, for South Africa does not have the resources to be able to provide comprehensive secondary education on the West European or American patterns. It would therefore seem that selection for academic secondary education should be made at the end of the primary school phase, and that this selection should be accompanied by racial integration, not only in the private schools but also in at least some of the state secondary schools. An acceptance of the need to work side by side with pupils of other races should be part of the price to be paid by pupils for good secondary education and for eventual entry to colleges of education, colleges of advanced technology and the universities.

What are the incentives which are likely to spur the White electorate to give up the heritage of privilege which their political leaders regard as "rightfully theirs", and to make the sacrifices of manpower and opportunity in the interests of the common good? The migration from South Africa of faint-hearted White professional people, the dismantling of apartheid in Namibia, the emergence of a multi-racial government in Rhodesia, the threat of attrition on our borders, continued unrest in the Black urban areas, and the sheer necessity of drawing Black people into meaningful participation in the economy, are all factors working in favour of such changes. The times are right for change, and - paradoxically - the spur must be applied by those in government who have the foresight and power to ensure that the first steps are taken in the direction of educational integration. Such integration will have the effect of enriching the South African middle class with Black people of energy and ability, and concurrently ensuring the continued existence of White enterprise in an expanding economy and a comparatively peaceful country. The alternative is a state in which racial polarisation gives way to a polarisation between those who espouse marxist doctrines, and those who are prepared to see the majority of the Black community existing on the periphery of a contracting economy in which central planning is directed towards ensuring a precarious existence for White extremists. There can be no compromise on the need for integration when it comes to preserving the free-market concept. There is also no question that peaceful political evolution and educational development are inexorably linked.

Table I also gives information about the relative successes of matriculation candidates and the extent to which the products of the four systems gain entry to the universities

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and obtain first degrees. In a sense these figures illustrate the degree of success or failure of the systems. But the figures have to be viewed with caution, for there are indications that the standards set both in examinations and in university entrance requirements vary from system to system.

The percentage of African pupils in Std 10 obtaining university entrance qualifications is virtually the same (41 per cent) as that of those in the White system. These figures refer to 1975 (before the disturbances), and have been culled from unpublished sources. (1) Indeed, statistics relating to White and African examination results are no longer published in summary form. The university entrance results for Coloured and Indian pupils are far less satisfactory than those of the other two groups, while the senior certificate results of pupils in the Coloured system show a failure rate of nearly 50 per cent against failure rates of 36 per cent, 13 per cent and 17 per cent in the African, Indian and White systems.

The anomalies are difficult to explain, but they do suggest that the Std 10 group in the African system is enriched by the more gifted pupils who have survived the exceptionally high drop out at all levels in the African system. They also suggest that the lower drop-out rate in the Coloured system relative to the African system is not accompanied by a higher standard of attainment on the part of Coloured pupils, for these pupils produce a markedly higher failure rate than any other group.

But such deductions must be made with caution, for little information is available about the statistical norms which are applied by different examining bodies in respect of their examinations. While the Joint Matriculation Board is responsible for supervising the standards of university entrance, it does not have control over senior certificate examinations not designed for university entrance. There is also the belief that the Board's norms for its own examinations are not in harmony with those of other bodies, and that the National Senior Certificate examiners apply separate norms in respect of candidates from different educational systems. In the light of these worries about differential standards, there is a persuasive argument for establishing a single examination, conducted by the Joint Matriculation Board, to be written by all candidates seeking university entrance, in which the same norms will be applied to all candidates irrespective of the racial group to which they belong. This will serve to ensure that universities have better knowledge about the relative merits of all candidates for admission, and that the country as a whole will be aware if standards of admission to certain universities have to be deliberately lowered in order to ensure a sufficient enrolment of students.

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Perhaps the ultimate measure of the failure of the different systems emerges from a study of the nature and number of the degrees awarded to students from the different "population groups". The bare numbers of students obtaining first degrees, as shown in Table 1, are in themselves an eloquent commentary on the inability of the Black systems to produce graduates, and so become significant contributors to the economy of the country. The differences are thrown into harsher perspective if they are expressed as simple factors of the number of pupils in Std 10 in a given year (1976). In these terms the ratio is 100 : 42 : 25 : 21 for the White, Indian, Coloured and African systems respectively. Expressed in terms of their relationship to the total population, the ratio becomes 100 : 22 : 4 : 1. In other words, a White child chosen at random in the White community, simply by having been born "White", has a hundred times better chance of becoming a university graduate, than has an African child chosen in the same random manner. The same White child is 22 times more likely than his Coloured counterpart, and four times more likely than his Indian counterpart to become a graduate.

These are breath-taking disparities. They arise from the summation of the difficulties imposed on Black people through the inequitable allocation of educational resources, and through the other social, cultural and economic disadvantages suffered by the Black communities.

At the university level, there is a further, qualitative, disparity between White and Black achievement. In 1974, of the 553 Africans taking first degrees, 61 per cent took these degrees in arts faculties and 14 per cent in pure science or in the related fields of pharmacy, chemical technology or domestic science. The comparable White ratios were 39 per cent and 13 per cent respectively. (3) These figures suggest that Black matriculants are not obtaining passes of a sufficiently high standard to allow them entry to the selective faculties of the "open" universities. In 1974, South African universities produced no African graduates in architecture, engineering, dentistry or veterinary science. In the same year only thirteen Coloured and Indian people took first degrees in such disciplines, against a total of 1 148 White people. The Black contribution to these specialist fields at first degree level therefore stands at about 1,1 per cent of the total, and it suggests the impossibility of a meaningful Black contribution in the near future to the development of the country at a responsible technical level, unless urgent and far-reaching decisions are taken to reverse the trends which have been described in this paper.

References

1. This table has been compiled from information in the SAIRR, A Survey of Race Relations in South Africa 1977, Johannesburg, February 1978.

   The ratios of educational expenditure to pupils, and pupil populations to total population are those of the author, as are the calculations of hypothetical amounts necessary to ensure equal expenditure and the numbers of teachers necessary to provide comparable teacher/pupil ratios.

   The figures relating to the pass-rates of White and African pupils in the Std 10 examinations have been taken from C.H. Wyndham, Memorandum on some problem areas in Bantu Education, Chamber of Mines, Unpublished, 1977.

2. These figures have been compiled from information obtained under the various country headings in 1977 Britannica Book of the Year, Encyclopaedia Britannica, Chicago 1977.

3. The figures are taken from C.H. Wyndham, Manpower-Education, unpublished address to Futures Research Unit meeting, Stellenbosch, 1975 (supplied by C.H. Wyndham).

JOHANNESBURG
MARCH 1978
MASC/GMG

TABLE I

STATISTICS ILLUSTRATING THE DISPARITY BETWEEN THE VARIOUS SOUTH AFRICAN EDUCATION SYSTEMS : 1975 - 1977

	African	Coloured	Indian	White	Total
Population (1976)	18,63m (70,6%)	2,43m (9,6%)	0,75m (2,9%)	4,32m (16,9%)	26,13m
Crude educational expenditure per head of population 1975-6)	R42	R147	R216	R708	R168
Primary pupils as a percentage of the population (1976)	18,26	23,87	18,90	13,54	18,01
Secondary pupils as a percentage of the population (1976)	2,67	4,39	7,77	7,73	3,83
Teacher/Pupil ratio (1977)	1 : 52	1 : 30	1 : 27	1 : 20	-
Teachers (1976)					
6.1 Without Std 8 - %	18,2	-	-	-	-
6.2 Matriculated - %	13,1	25,9	66,1	64,9	-
6.3 With degrees - %	2,4	4,0	18,5	32,1	-
Percentage of pupils in Std 10 (1977)	0,3	0,9	2,6	5,6	1,33
Percentage of Std 10 pupils passing Senior Certificate (1976)	(1975) 63,8	50,3	86,5	(1975) 83,0	-
Percentage of Std 10 pupils obtaining a university entrance qualification (1976)	(1975) 41,6	17,4	26,2	(1975) 41,0	-
Percentage of population in universities (1976)	0,06	0,92	1,05	2,57	0,52
Bachelors degrees					

TABLE II

THE CRUDE COST OF EQUALISED EDUCATIONAL EXPENDITURE IN SOUTH AFRICA 1975-6

	African	Coloured	Indian	White	Total
Total expenditure 1975-6	R165m	R101m	R43m	R651m	R960m
Number of pupils, 1976	3 899 000	688 000	199 000	919 000	5 705 000
Crude expenditure per head, 1976	R42	R147	R216	R708	R168
Hypothetical equalisation of expenditure per head at 1976 rates	R2 761m	R483m	R140m	R651m	R4 035m
Equalised expenditure expressed as a percentage increase	1 573	378	255	Nil	321

TABLE III

ACADEMIC QUALIFICATIONS AND THE SUPPLY OF TEACHERS : 1976-77

	African	Coloured	Indian	White	Total
Present establishment of teachers	63 868	25 467	6 924	43 750	140 009
Graduates employed	1 541	983	1 276	14 031	17 831
Matriculants employed (excluding graduates)	8 652	6 599	4 579	29 719	49 549
Numbers of teachers required to maintain teacher/pupil ratio of 1 : 30 with compulsory school attendance	162 400	22 900	6 600	30 600	222 500
Shortfall (Oversupply) of teachers at 1 : 30 ratio	98 532	2 567	(324)	(13 150)	87 625
Shortfall (Oversupply) of graduates at 1 : 30 ratio assuming 25 per cent should have degrees	39 059	4 742	374	(6 381)	37 789
Shortage (Oversupply) of matriculants at 1: 30 ratio, assuming all teachers should be matriculated	152 207	15 318	745	(13 150)	155 121

TABLE IV

PROPORTIONS OF THE SOUTH AFRICAN POPULATION AT DIFFERENT EDUCATIONAL LEVELS, COMPARED WITH CERTAIN OTHER COUNTRIES : 1976

Country	Total Population	Percentage of population in primary schools	Percentage of population in secondary schools	Percentage of population attending universities
South Africa	26,13m	18,01	3,83	0,52
African	18,63m	18,26	2,67	0,06
Coloured	2,43m	23,87	4,39	0,22
Indian	0,75m	18,90	7,77	1,05
White	4,32m	13,54	7,73	2,57
Botswana	0,72m	16,16	1,92	0,04
Brazil	107,16m	0,94	0,47	0,11
Iran	33,95m	12,13	5,35	0,34
Nigeria	72,83m	6,00	0,66	0,03
UK	56,04m	10,72	8,01	0,71
USA	215,14m	11,81	7,18	4,19
USSR	255,50m	15,26	6,03	1,86
West Germany	61,64m	6,88	8,87	1,18